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ABSTRACT

Programs of vocational education focus on raising the productive capacity of individuals. Because of this commitment to human development, vocational education is a resource that can help solve many of the pressing economic problems facing our nation at this time. A federal investment in vocational education is in fact a very viable means of boosting our country's economy. There are eight reasons why our economy needs more federal support of vocational education: (1) to increase productivity, making it possible for employers to pay higher wages, (2) to provide skilled workers to meet the demands of employers, (3) to increase the earning power of individuals, (4) to improve opportunities for the poor and underachievers, (5) to reduce youth unemployment through in-school and out-of-school programs that provide educational skills and work experiences for disadvantaged youth, (6) to stimulate economic growth, (7) to enhance the federal/state/local partnership, and (8) to increase the federal government's credibility with the nation's taxpayers. (LRA)

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EIGHT REASONS WHY OUR ECONOMY NEEDS MORE FEDERAL SUPPORT OF VOCATIONAL EDUCATION

Position Papers

The nation's programs of vocational education focus on raising the productive capacity of individuals. Because of this commitment to human development, vocational education is a resource that can help solve many of the pressing economic problems facing our nation at this time.

A federal investment in vocational education is in fact a very viable means of boosting our country's economy. We believe there are eight reasons why our economy needs more federal support of vocational education.

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1. TO INCREASE PRODUCTIVITY

Much of the economic well being of our nation depends upon the ability of the work force to continue to produce more goods and services in an hour of work -- something the economists call productivity growth. Conversely, a decline in the growth of productivity drives prices up. In 1978 the productivity gain in the U.S. was only three tenths of one percent.

Worker productivity goes up when individuals have the necessary skills to get the job done. These skills include basic educational skills, specific occupational competencies and good work habits and attitudes. They are, in fact, the very skills that are at the heart of all vocational education programs.

Higher productivity makes it possible for employers to pay higher wages. The earnings of vocational graduates, which surveys show us are higher than earnings for non-vocational graduates with comparable levels of education, bear out the fact that they are the most productive workers. Some of the gains that have been made in productivity in the past can be attributed to the education that America has been able to offer its work force. Continued attention to providing the necessary training, coupled with the development and implementation of new technologies that will enable work to be done more quickly, is essential. Vocational education, which is, in essence, education for work, must be a part of all efforts to increase productivity.

TO PROVIDE SKILLED WORKERS

Both the 1979 and 1980 reports from the Joint Economic Committee of Congress have pointed out shortages of qualified workers. The resulting competition among employers to fill available jobs has contributed to inflation, the report points out.

The 1980 report concludes: "Targeted programs can reduce hard-core joblessness without fanning inflation . . . Educational and job training programs should guide American youth toward occupations and industries in the private sector where there are good prospects for long-term growth."

Despite the current six percent unemployment rate, the demand for skilled workers remains high. There is a critical mismatch between the skills of persons available for employment and the types of skills needed by industry. A new forecast released in January by the Department of Labor indicates that this problem will continue in the 1980's.

Our country cannot afford this mismatch. Each one percent increase in unemployment will cost the federal government $20 billion in lost taxes and increased unemployment compensation.

Vocational education can provide training in areas for which future forecasts look good. Among such areas identified in the 1978-79 Occupational Outlook Handbook are emerging technological and service-oriented industries, small business management and ownership, clerical, trade and technical jobs. Such training programs will help alleviate unemployment by reducing the mismatch between skills and available jobs.

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3. TO INCREASE EARNING POWER

The statsitics clearly show that vocational education increases the earning power of individuals. A recent study conducted at the National Center for Research in Vocational Education reveals that family incomes are higher in families where the primary wage earner has had vocational training than in families where the primary wage earner has not had such training. This income differential seems to hold true at every educational level from those who have attended but not completed high school through those who have completed two years of college. (See chart on the following page.)

The National Longitudinal Survey of the Class of 1972, reporting on the first-year-after-high-school earnings of survey participants, shows that male high school graduates who did not attend college earned more money if they had studied vocational education in high school than if they had not. (These findings are shown on the chart at the top of page 4.) The earnings differential applied for students of low, average or high scholastic ability. In fact, students of low scholastic ability who had studied vocational education in high school actually earned more than students of average ability who had not.

CHART 1

Family Income by Educational Attainment of Respondents

with Two Years of College or Less, Who Had or Had Not Received Vocational Preparation

Income	Some High School		Completed High School		Attend 2-Year College		Completed 2-Year College		Total	
Ranges	Voc.	Non.	Voc.	Non.	Voc.	Non.	Voc.	Non.	Voc.	Non.
	%	%	%	%	%	%	%	%	%	%
$5,000	13	18	6	11	4	8	3	5	7	12
$5,000-9,999	33	42	28	29	22	22	12	26	26	31
$10-14,999	21	15	22	20	20	30	30	15	22	20
$15-19,999	10	13	22	18	29	16	15	23	22	17
$20-24,999	12	6	11	12	10	12	18	10	12	11
$25-29,999	10	5	9	6	14	14	15	13	11	8
$30-34,999										
$35-39,999										
$40-44,999[a]	1	1	2	2	0	0	3	3	2	2
$45-49,999										
$50,000+	0	0	0	1	0	0	3	5	.4	1
Number	52	95	125	309	49	51	33	39	259	394
Mean[a]	$10,915	$8,600	$12,429	$11,591	$13,400	$12,500	$16,450	$15,450	$12,800	$11,350
SD[a]	9,078	7,877	8,582	9,247	7,746	8,097	10,496	11,979	8,943	9,433
t	1.55, p > .05		.83, p > .05		.57, p > .05		.38, p > .05		1.98, p < .05	

Note: Percentages may not sum to one hundred due to rounding.
[a]Mean and SD calculated assuming equal distribution of responses through $5,000 intervals.

Source: "Attitudes Toward Vocational Education and the Relationship Between Family Income and Participation in Vocational Courses," The National Center for Research in Vocational Education, Ohio State University.

CHART 2

DIFFERENCES, BY ABILITY, IN AVERAGE EARNINGS
DURING FIRST YEAR AFTER HIGH SCHOOL
FOR 1972 MALE HIGH SCHOOL GRADUATES WHO DID NOT ATTEND COLLEGE

SCHOLASTIC ABILITY	HIGH SCHOOL PROGRAM VOCATIONAL	NONVOCATIONAL
Low	$1,868	$1,481
Average	$1,916	$1,830
High	$2,212	$1,925

Note: Average earnings are low because all graduates are included in the denominator. (All earnings in 1975 dollars.)

Source: National Longitudinal Survey of the Class of 1972
National Center for Education Statistics

Analysis by William G. Conroy, University of Lowell, Lowell, Massachusetts

4. TO IMPROVE OPPORTUNITIES FOR THE POOR AND UNDERACHIEVERS

Vocational education serves large numbers of poor students and students of low scholastic ability, as shown in the chart below, taken from the National Longitudinal Survey of the Class of 1972.

More than one-third of all students of low and/or average socio-economic origin (SEO) and scholastic ability (SA) were enrolled in twelfth grade vocational education programs. Less than ten percent of all white students with high and/or average SEO and SA were enrolled in vocational education. The proportion at all levels was substantially higher for black students.

CHART 3

DISTRIBUTION OF 12th GRADE HIGH SCHOOL POPULATION BY PROGRAM
GROUPING STUDENTS BY SOCIOECONOMIC ORIGIN OF PARENTS,
SCHOLASTIC ABILITY AND RACE

	1 Low SEO Low SA		2 Low SEO Aver. SA		3 Aver. SEO Low SA		4 Aver. SEO Aver. SA		5 Aver. SEO High SA		6 High SEO Aver. SA		7 High SEO High SA	
	White	Black	White	Black	White	Black	White	Black	White	Black	White	Black	White	Black
General Academic	60%	60%	50%	55%	53%	58%	37%	42%	21%	26%	24%	29%	1%	6%
College Preparatory	0%	0%	19%	6%	14%	1%	43%	30%	72%	59%	67%	54%	99%	86%
Vocational	40%	40%	31%	39%	33%	41%	20%	28%	7%	15%	9%	17%	0%	8%

Source: National Longitudinal Survey of the Class of 1972
National Center for Education Statistics

Analysis by William G. Conroy, University of Lowell, Lowell, Massachusetts

When vocational students participating in the Class of 1972 study were categorized on the basis of scholastic ability alone, 50 percent of them had a low academic ability, while 43 percent had an average ability and 7 percent had high ability. The chart below shows the percentage distribution by scholastic ability for all programs.

CHART 4

DISTRIBUTION OF VOCATIONAL EDUCATION STUDENTS BY SCHOLASTIC ABILITY

	Scholastic Ability		
	Low	Average	High
Agriculture	50	46	4
Business	33	57	10
Distributive Education	50	41	9
Health	49	37	14
Home Economics	63	36	1
Trade and Industrial	53	41	6
All Vocational Education Students	50	43	7

Source: National Longitudinal Survey of the Class of 1972
National Center for Education Statistics

Analysis by William G. Conroy, University of Lowell, Lowell, Massachusetts

Thus, vocational education is, in part, a compensatory program for the poor and for students whose abilities are in areas other than academics. To cut vocational education support therefore will not fall evenly on all portions of our population. It will, in fact, hurt most severely those who are most in need of vocational training to succeed.

5. TO REDUCE YOUTH UNEMPLOYMENT

In January the Administration introduced a major new Youth Initiative. The goal of this massive federal program is to reduce disasterously high rates of

youth unemployment by tailoring educational and work programs to the needs of these youth.

Vocational education is a central part of that program. Vocational education has the responsibility to develop in-school and out-of-school programs to provide educational skills and work experiences for disadvantaged youth.

Reductions in vocational education funding at this time would seriously endanger the chances of stemming this tide of unemployment and its resulting debilitating effects on many of our citizens who might otherwise be reclaimed as productive members of society.

Solving youth unemployment problems will require a joint effort of the education and the CETA (Comprehensive Employment and Training Act) communities. The price tag may seem high, but every rescued youth represents a small victory against inflation. Setting youth on paths toward good jobs, equipped with the skills they need to succeed, will ultimately free large amounts of tax revenues for other investments. At the same time, these youth will become contributors to the nation's productivity.

6. TO STIMULATE ECONOMIC GROWTH

Vocational education, with its focus on the development of individuals, can actually have an enormous impact on the economic growth of our nation. In the last two decades, state after state across the country has discovered the potential of vocational education to help create and preserve jobs--the key to economic vitality.

"The program of vocational education has proved to be a vital link in the chain of economic development in West Virginia. Vocational education provides the skills needed by the people of our state to become productively employed, and provides the training essential for business and industry to remain competitive," says John D. Rockefeller IV, governor of West Virginia.

He is not alone in his praise of the impact of vocational education on unemployment rates and declining business and industry growth. In at least half of all states, vocational education is now working in conjunction with local or state development agencies, local and state chambers of commerce and local governments to bring in industry. Vocational education provides the assurance to industry that the skilled workers needed for the new industry will be available. The financial returns both for the community and for individuals have been well worth the investment required to provide the necessary training.

7. TO ENHANCE THE FEDERAL/STATE/LOCAL PARTNERSHIP

Vocational education is a program which represents a true blending of federal, state and local resources. Many states and local communities have already established, through significant expenditures, the capacity to provide vocational education on a permanent basis. In 1980, the state and local investment in these programs is well over $4 billion while the federal investment is $784 million.

Yet, in this partnership, the federal role is significant. Without federal funds many communities would simply be unable to provide the type of specialized services that many of the youth and adults most in need of help require. Federal funds have been especially crucial in meeting the special educational needs of disadvantaged and handicapped students, expanding the enrollment of members of minority groups and generating increased interest in non-traditional career choices among both men and women. Federal legislation has also helped vocational education become increasingly responsive to the occupational requirements of the nation.

Cutbacks in federal funding would delve especially damaging blows to those programs which have been established to serve the needs of disadvantaged and handicapped students. State directors of vocational education note that there are no state and local funds which can be used to replace the lost federal resources and very little capacity for additional taxation to make up the difference. Programs would simply have to be dropped.

The preventive nature of vocational education can help to reduce the federal budget by decreasing the need for more costly 100 percent federally-funded social programs. Increased investments in vocational schools and programs, especially in depressed communities, are a critical national priority. Currently 22 percent of our population live in inner city areas, but only 12 percent of all existing vocational training stations are there, If we can provide more readily accessible quality vocational education to these communities, we can (a) reduce the flow into the pool of the unemployed and (b) realize millions of dollars of savings in more costly federal programs that are directed simply to maintain the unemployed rather than to developing their capacity for productive work in the private sector.

The chart on the following page dramatically illustrates the difference in costs of federal vocational programs and federal employment and training programs funded under the Comprehensive Employment and Training Act (CETA). Without increased investment in vocational programs, the costs of the other programs, necessitated by the high flow of unskilled workers into the labor pool, will continue to rise, while our permanent capacity to train our work forces deteriorates further.

It is argued by some that state and local support for vocational education is so great that a decline in federal support would in fact be absorbed by state and local dollars. Those who make this argument fail to understand the leverage that the federal dollars have in sustaining state and local contributions to vocational education.

They also fail to understand that across America many local communities simply no longer have any capacity for additional tax leverage. The increased tax bite of the federal government has in fact taken away the ability to levy additional dollars at the state and local level. Many local governments today are in no growth tax positions. A cut in federal support for vocational education--and a standstill budget in a time of an annual inflation rate of 20 percent is in fact a cut--will cause local school systems to drop more costly vocational programs. Yet many of these programs are critical to the nation's economy.

An increase in the federal investment in vocational education would, on the other hand, sustain state and local support and maintain the historical partnership.

CHART 5

COMPARISONS: EMPLOYMENT AND TRAINING VS VOCATIONAL EDUCATION*

YEAR	DEPARTMENT OF LABOR[1] EMPLOYMENT AND TRAINING		
	Outlay	Enrollment	Unit Cost
1975	2,803,000,000	2,347,000	$1,195
1976	3,273,000,000	2,761,000	1,192
1977	3,290,000,000	2,943,000	1,111
1978 (Est)	4,775,000,000	3,963,000	1,206
1979 (Est)	5,400,000,000	4,332,000	1,248

YEAR	HEW - USOE[2] VOCATIONAL EDUCATION		
	Appropriations	Enrollment	Unit Cost
1975	514,804,000	12,056,000	$43
1976	524,155,000	11,518,000	$46
1977	549,028,000	15,792,000	$35
1978 (Est.)	601,167,000	16,000,000	$38
1979 (Est.)	601,167,000	17,334,000	$34

* Data represents total gross enrollments from U.S. Budget Appendix 1977 and 1979

[1] Based on budget data actual and estimated outlays

[2] Based on USOE actual and estimated enrollments and appropriations
Excludes Home Economic and Consumer appropriations and enrollments

8. TO INCREASE THE FEDERAL GOVERNMENT'S CREDIBILITY

Vocational education is a popular program with the nation's taxpayers. Annual Gallup Poll surveys of the public's attitudes toward the schools have consistently shown strong support for an emphasis on career preparation in the public schools.

Two national public opinion surveys conducted in 1979 by the National Center for Research in Vocational Education found that 86 percent of the public favor providing an opportunity to learn occupational skills in the school. Approximately three-quarters of the public (77 percent) were in favor of more emphasis by the schools on career preparation through vocational programs. In addition, slightly more than one-third (35 percent) of the public respondents said they would like to take vocational courses at the present time if they were available. Of those who had received vocational training, 85 percent said the training was "very useful" or "somewhat useful" in later life.

It is fair to say that the general public has little confidence in many of the federal government's initiatives. However, vocational education is a federally-supported program in which there is great local confidence. Investing federal dollars in vocational education, especially in programs that will direct these dollars to inner cities and to depressed rural communities where they are most needed, should help build renewed faith in the desire of the federal government to be a full partner in solving our most pressing national problems.

AN INVESTMENT THAT HAS NOT KEPT PACE WITH INFLATION

Despite the major contributions that federal support has made and is making to vocational education, this funding has not kept pace with inflation. Since 1972, the purchasing power of the federal investment in vocational education, in constant 1967 dollars, has decreased by $55 million, as shown on the following chart. In 1981, vocational programs would actually require an increase of $126 million to bring them back to the 1972 funding level in constant dollars.

The relative level of federal support to state and local support has also been cut by almost 50 percent in the last decade.

MEETING THE CHALLENGE

The intent of federal legislation--to redirect dollars to depressed areas and to disadvantaged populations--is clear. But without increased funding, vocational education cannot meet the challenge in the face of inflation and continuing needs to keep programs, staff and equipment up-to-date.

We recognize the difficult issues which Congress faces in attempting to reduce inflation and to balance the budget. Yet failure to increase appropriations to vocational education will have the effect of heightening rather than reducing our economic problems of inflation, youth unemployment, reduced productivity and a shortage of skilled workers.

CHART 6

FEDERAL APPROPRIATIONS FOR VOCATIONAL EDUCATION

Year	CPI	Actual Dollars (inflated)	Real (constant) dollars
1972	125.3	495,988	395,840
1973	133.1	495,988	372,643
1974*	147.7	543,755	368,148
1974	147.7	567,624	384,308
1975	161.2	564,598	350,246
1976	170.5	565,149	331,465
1977	181.5	591,002	325,620
1978	195.4	642,161	328,639
1979	217.4	681,614	313,529
1980**	230.0	784,041	340,887
1981+		910,433	395,840

* 5% withholding

** as of December 1979

+ Vocational education would need $910,433,000 in actual dollars to bring appropriations back to the 1972 level in constant dollars.

We believe that funding for vocational education can be achieved without actually expanding the overall funding for manpower development. We are suggesting a shift from those costly programs which yield no permanent benefits, to vocational education programs, which have long-term economic and social results.

We must develop the productive capability of our human resources -- and not allow our economic and social problems to grow.